

# Los Angeles Times

## Home Sales Seen Bottoming in '08

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U.S. existing-home sales will reach a bottom in 2008 as buyers find it tougher to get mortgages, according to a forecast by the Mortgage Bankers Assn., the industry's largest trade group.

Sales of previously owned homes probably will drop to an 11-year low of 4.94 million from 5.68 million last year and then increase to 5.12 million in 2009, the Washington-based group said Monday. New-home sales are likely to tumble 15% this year to 666,000 before rising 6.6% in 2009.

Stricter lending standards are making it harder for people to buy real estate as the U.S. housing slump enters its third year. A "credit crisis" caused by losses on sub-prime mortgages has depleted the capital of mortgage lenders and hobbled their ability to make new loans, said Doug Duncan, the group's chief economist.

"Banks are running up against capital limits as they write down the value of assets at the same time they are putting loans on their balance sheets because the markets for securitized products are essentially closed," Duncan said in the report.

A surge in mortgage defaults is expanding the inventory of unsold homes and contributing to the decline in housing demand. The number of new foreclosures rose to a record in the third quarter and the number of Americans who fell behind on their mortgage payments rose to a 20-year high, MBA said last month.

A year ago, the bankers group said 2007 would be the bottom of the housing slump, with 6.06 million sales.

MBA updates its forecast monthly, based on the most current housing and economic data.